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Trade and Development Board
Investment, Enterprise and Development Commission
Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-Building and Sustainable Development
Third session
Geneva, 30–31 March 2015
Item 2 of the provisional agenda
Adoption of the agenda and organization of work

Provisional agenda and annotations

I. Provisional agenda

1. Election of officers
2. Adoption of the agenda and organization of work
3. Entrepreneurship for productive capacity-building
4. Adoption of the report of the meeting

II. Annotations to the provisional agenda

Item 1
Election of officers

1. It is recommended that the expert meeting elect a Chair and a Vice-Chair-cum-Rapporteur.

Item 2
Adoption of the agenda and organization of work

2. The provisional agenda for the expert meeting is reproduced in chapter I above. A detailed programme will be available one week before the meeting.

Documentation

TD/B/C.II/MEM.4/7 Provisional agenda and annotations

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Item 3
Entrepreneurship for productive capacity-building

3. As indicated by the Trade and Development Board during its fifty-sixth executive session, the third session of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-Building and Sustainable Development "will address the various technical dimensions of the UNCTAD Entrepreneurship Policy Framework and analyse the nexus between entrepreneurship and productive capacity. Building on an assessment of existing developing countries' capacity strengths, the meeting will examine implementation in each area of the framework, including national entrepreneurship strategies, entrepreneurship policy road maps, their monitoring and evaluation, and the regional dimensions of the Framework (Doha Mandate, para. 65 (a), (g) and (m))".[1]

4. To facilitate the discussion, the UNCTAD secretariat has prepared an issues note entitled "Entrepreneurship for productive capacity-building". It explores the interplay between entrepreneurship and productive capacity-building in developing countries, highlighting the role of entrepreneurship in creating job opportunities and engendering inclusive outcomes for disadvantaged groups, including the poor, women and youth. To maximize the positive impact of entrepreneurship promotion on productive capacity-building, key entrepreneurial stakeholders from government, the private sector, and civil society need to work together, as shown from the implementation of the Entrepreneurship Policy Framework in several countries. The note also explores how to enhance local productive capacities by promoting entrepreneurship in inclusive and sustainable value chains. It argues that to integrate micro, small and medium-sized enterprises in regional and global value chains, it is necessary to develop programmes and initiatives aimed at upgrading skills, and to implement policies in key areas such as women's, youth, green and social entrepreneurship.

5. While policies and practice from developed countries will provide some examples, the expert meeting will focus on strategies and programmes for developing countries and economies in transition. The aim of the meeting is to promote entrepreneurship for productive capacity-building and sustainable development. The meeting will present an overview and share good practices of approaches on entrepreneurship and productive capacity-building that can assist policymakers in developing and implementing national policies addressing these issues. Experts will discuss practical and implementation-level challenges that development institutions face in developing countries concerning their role as stakeholders in entrepreneurship and productive capacities-led development. In this respect, the expert meeting will benefit from lessons learned from UNCTAD technical assistance projects and research and analysis in these areas.

Documentation

TD/B/C.II/MEM.4/8 Entrepreneurship for productive capacity-building

Item 4
Adoption of the report of the meeting

6. The report of the expert meeting will be submitted to the Investment, Enterprise and Development Commission at its next session. The expert meeting may wish to authorize the

[1] TD/B/EX(56)/2/Add.1, para. 4.

Rapporteur, under the authority of the Chair, to prepare the final report after the conclusion of the meeting.

Inputs from experts

Experts nominated by member States are encouraged to submit brief papers (approximately five pages) as contributions to the work of the meeting. The papers, which will draw on public and private sector experience, will be made available at the meeting in the form and language in which they are received.

Experts are requested to submit papers by 7 March 2015 to the attention of Ms. Fulvia Farinelli, Enterprise Branch, Division on Investment and Enterprise, UNCTAD, Palais des Nations, CH-1211 Geneva 10, Switzerland; fax: 41 22 917 0122; e-mail: fulvia.farinelli@unctad.org.

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Entrepreneurship for productive capacity-building

Note by the UNCTAD secretariat

Executive summary

Entrepreneurship is at the core of the post-2015 development agenda, as it can make an important contribution to sustainable development by driving economic growth, promoting productive capacity, employment and decent work to eradicate poverty, helping to improve social conditions and contributing to addressing environmental challenges, as well as engendering inclusive outcomes for disadvantaged groups, including the poor, women and youth. This note explores how the role of entrepreneurship in productive capacity-building in developing countries and economies in transition may be further enhanced. In particular, it discusses good practices and lessons learned in developing and implementing entrepreneurship policies in selected countries, highlighting the importance of a holistic and coherent approach to ensure impactful results. It provides examples of building local productive capacities by promoting entrepreneurship in inclusive and sustainable value chains through skills-upgrading programmes and other initiatives. It also suggests key issues for further debate, including the interplay among entrepreneurship policy frameworks, small and medium-sized enterprise development policies and wider economic development strategies, as well as ways to maximize and assess the effect of entrepreneurship policy frameworks on productive capacity-building, economic development and sustainable and inclusive growth.

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Introduction: Promoting entrepreneurship and productive capacity-building

1. Entrepreneurship is at the core of the post-2015 development agenda. Recognizing its importance for economic growth and social development, the second resolution on entrepreneurship for development, adopted at the sixty-ninth session of the General Assembly in October 2014, stressed the importance of giving appropriate consideration to the promotion of entrepreneurship in the context of the discussions on the post-2015 development agenda.[1]

2. The key role of entrepreneurship is due to the contribution that enterprises, in particular micro, small and medium-sized enterprises, make to economic growth. They are important drivers of job creation, providing two-thirds of all formal jobs in developing countries in Africa, Asia and Latin America and 80 per cent of all formal jobs in low-income countries in sub-Saharan Africa.[2] Furthermore, the internationalization of small and medium-sized enterprises can play an important role in promoting growth and trade in developing countries.

3. In addition to the direct impact of micro, small and medium-sized enterprises on economic growth, the promotion of entrepreneurship provides long-term development benefits through its effects on productive capacity-building. Enhancing the skills base of micro, small and medium-sized enterprises and their access to technology is especially critical for their integration in regional and global value chains. However, entrepreneurs in developing countries and economies in transition face numerous challenges that limit their potential and their capacity to contribute to economic development.

4. Governments play an important role in creating an enabling environment for enterprise, promoting entrepreneurship and the development of micro, small and medium-sized enterprises, building productive capacity and encouraging inclusive growth.

5. The third session of the Multi-year Expert Meeting on Investment, Innovation and Entrepreneurship for Productive Capacity-building and Sustainable Development builds on the work initiated in the previous session on the interplay between entrepreneurship and productive capacity-building in developing countries. To facilitate the discussion, this note highlights the important role of entrepreneurship policies in creating job opportunities and engendering inclusive outcomes for disadvantaged groups, including women and youth. A number of lessons learned and good practices in the implementation of entrepreneurship policies are highlighted, based on the policy advice and technical assistance activities carried out by UNCTAD in this area.

6. This note is structured as follows: Chapter I highlights lessons learned in formulating national entrepreneurship strategies and effective policy frameworks in different countries; chapter II addresses the need to upgrade entrepreneurial skills to promote inclusive and sustainable value chains through business linkages; chapter III highlights priority areas of entrepreneurship development to ensure inclusive growth, namely green and social entrepreneurship, as well as the pursuit of economic empowerment for disadvantaged groups, such as women and youth, through entrepreneurship programmes; and chapter IV and chapter V suggest topics and questions for further discussion on the interplay between entrepreneurship and productive capacity-building and

[1] A/RES/69/210.

[2] International Labour Organization and German Agency for International Cooperation, 2013, *Is Small Still Beautiful? Literature Review of Recent Empirical Evidence on the Contribution of Small and Medium-sized Enterprises to Employment Creation* (Eschborn).

the measures and good practices that may facilitate the impact of entrepreneurship on inclusive, sustainable and productive capacity-building and how this impact may be assessed.

I. Formulating a national entrepreneurship strategy: Lessons learned

7. Recognizing that policymakers in developing countries and economies in transition need support in promoting entrepreneurship, UNCTAD developed the Entrepreneurship Policy Framework to help them design initiatives, measures and institutions that will promote entrepreneurship across six priority areas, as shown in figure 1.

Figure 1
Key components of the UNCTAD Entrepreneurship Policy Framework

Source: UNCTAD, 2013, Key components of the UNCTAD Entrepreneurship Policy Framework, available at http://unctad.org/en/Pages/DIAE/Entrepreneurship/Entrepreneurship-Policy-Framework-and-Implementation-Guidance.aspx (accessed 13 January 2015).

8. Following the launch of the Entrepreneurship Policy Framework in 2012, several countries, including Brazil, Ghana, Ecuador, Nigeria, Panama and Zimbabwe implemented the framework, with some variation across countries.[3] In Brazil, the federal Government developed eleven areas for intervention. In Nigeria, the federal Government revised its national policy on micro, small and medium-sized enterprises and its entrepreneurship strategy based on a review process led by the Federal Ministry of Industry, Trade and Investment. Panama developed 11 recommendations for entrepreneurship policy in three key areas. The following paragraphs highlight lessons learned in Ecuador and Ghana.

9. The implementation of the Entrepreneurship Policy Framework in Ecuador focused on the identification of gaps and the prioritization of entrepreneurship objectives. A bottom-up approach led by a public–private partnership, the Alliance for Entrepreneurship and Innovation, engaged key stakeholders in the process. Box 1 highlights the lessons learned.

[3] For a comprehensive report on the UNCTAD Entrepreneurship Policy Framework and its implementation, see TD/B/C.II/20.

Box 1. Ecuador: Lessons learned from the implementation of the Entrepreneurship Policy Framework

Designate a lead entity to guide the development of a national entrepreneurship policy

An entity within or outside of the Government is needed to initiate the agenda, define the process and engage stakeholders in the development of the policy. The Alliance for Entrepreneurship and Innovation, a public–private partnership partially funded by entrepreneurs in Ecuador, convened key stakeholders and facilitated the policy development process.

Establish a structured policy development process

A structured approach that clearly defines and engages stakeholders in national-level consultations for the purpose of defining objectives and national priorities on entrepreneurship is integral to the development of a national entrepreneurship policy. In Ecuador, key stakeholders were engaged in assessment of the country's entrepreneurship ecosystem, which identified key gaps in entrepreneurship and the role of stakeholders in the process. Objectives to address the gaps were identified and policy initiatives to be undertaken were prioritized.

Engage in a participatory approach

A participatory multi-stakeholder process that engages key stakeholders from different sectors and policy areas at the local, regional and national levels is critical in ensuring that the process is inclusive. A survey of key institutions across Ecuador identified 80 key stakeholders and feedback was obtained from all of them. In addition, workshops were held to familiarize stakeholders in key policy areas with the entrepreneurship strategy and to obtain feedback (see figure in annex).

Build on and strengthen existing frameworks and initiatives

Beyond the identification of new actions and measures to promote entrepreneurship, the development of a national entrepreneurship policy should also articulate existing areas that need further support. A mapping of entrepreneurship programmes and initiatives across Ecuador collated lessons learned from prior shortcomings.

Build concrete action plans

In Ecuador, a matrix of proposed recommendations and initiatives to simplify procedures and remove roadblocks was developed by area, indicating implementing agencies, resource requirements and deadlines (see table in annex).

Identify priority steps with immediate results

A mapping of all stakeholders in the ecosystem was developed and the entrepreneurship strategy of Ecuador was defined (see annex). To trigger implementation, each group identified an initial pilot action that could produce results in the short term, facilitating learning-by-doing and feedback.

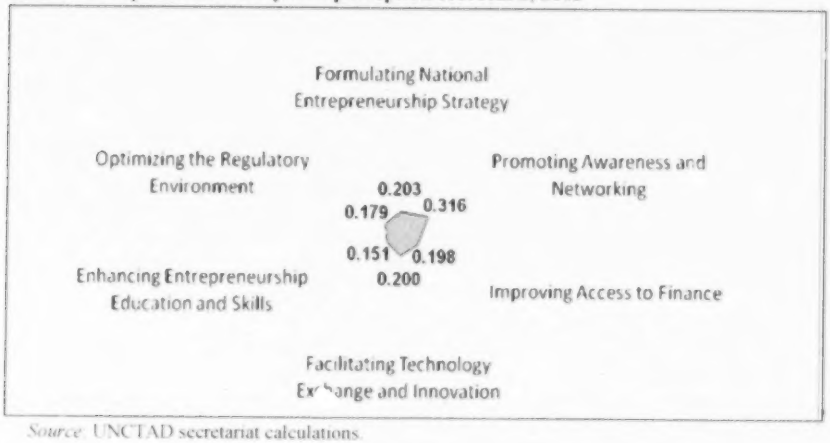
Source: Lessons learned from implementation of the UNCTAD Entrepreneurship Policy Framework.

10. At the end of 2011, UNCTAD and the Ministry of Trade and Industry of Ghana engaged in a preliminary review of the entrepreneurial environment of Ghana with stakeholders from civil society and academia in the context of Ghana's Coordinated Programme of Economic and Social Development Policies, 2010–2016, and Second National Medium-term Private Sector Development Strategy, 2010–2015. At the request of the Ministry of Trade and Industry, UNCTAD formulated an approach to facilitate the development of an entrepreneurship strategy in Ghana based on the Entrepreneurship Policy Framework. The first step involved development of a methodology to assess Ghana's entrepreneurship ecosystem and identify gaps and priority measures to address the gaps. A joint workshop with key stakeholders was organized by UNCTAD and the Ministry in November 2013 and a survey was conducted among participants based on the UNCTAD methodology. The aim of the survey was to canvass the main stakeholders on their views

regarding progress in entrepreneurship development in the country in each of the six policy areas of the Entrepreneurship Policy Framework and to facilitate a stakeholder dialogue in order to assess achievements, gaps and priorities in Ghana in the areas of entrepreneurship and the development of small and medium-sized enterprises, as shown in figure 2.

Figure 2

Ghana: Entrepreneurial ecosystem perception scorecard, 2013



Source: UNCTAD secretariat calculations.

11. The workshop concluded that there is a positive image of entrepreneurs and entrepreneurship in the country and that the Government emphasizes the promotion of awareness. Promoting awareness and networking was ranked the highest of the six priority policy areas.

12. Enhancing entrepreneurship education and skills was ranked the lowest overall, reflecting a perception among stakeholders that more attention needs to be paid to this policy area. However, the survey also suggests that the challenge is not lack of recognition of the importance of entrepreneurship education, as this policy measure was ranked as a high priority. The results of the survey showed that there is a need to improve entrepreneurship curricula and to ensure that educational institutions partner with the private sector in the delivery of entrepreneurship courses.

13. Discussions indicated that while there is a need for improvement in each policy area, there are elements of each that work well and should be built upon. For example, with regard to formulating a national entrepreneurship strategy, institutional framework reforms were highly ranked as the policy measures to be implemented by Governments that best reflect their willingness to put in place dedicated institutions on entrepreneurship promotion in the country. At the same time, the survey reflects the need for better monitoring and evaluation mechanisms and a greater emphasis on policy learning. In this regard, one of the key priorities identified is a need to set up the foundations of a strong institutional framework to develop, coordinate, oversee and assess the implementation of a national entrepreneurship strategy, including the designation or creation of a lead institution to serve as an effective inter-agency coordination mechanism and the establishment of a dedicated task force to address issues on a day-to-day basis.

14. The lessons learned from several countries in designing a national entrepreneurship strategy based on the UNCTAD Entrepreneurship Policy Framework highlight certain common recommendations. First, mapping the current status of entrepreneurship in the country is a key step, as well as identifying the main challenges and opportunities. Second, developing action plans, assigning responsibilities and ensuring coordination among the different stakeholders involved in the implementation of the national entrepreneurship

strategy is necessary, as well as outlining the multiple strategic objectives, outputs and designated institutions at different levels responsible for implementation. Third, it is essential to stimulate a multi-stakeholder dialogue, involving the private sector, academia and local, regional and national institutions. Above all, involving entrepreneurs is crucial, as they stand to gain or lose the most from an entrepreneurship policy. Finally, despite the fact that activities in selected countries implementing the framework are still at an early stage, it is fundamental to measure impacts and conduct regular review mechanisms to implement entrepreneurship policies dynamically, in order to ensure their continued relevance, effectiveness and sustainability.

II. Upgrading entrepreneurial skills to promote inclusive and sustainable value chains

15. An important way to facilitate the role of entrepreneurship in building productive capacity is the promotion of business linkages between small local suppliers and large domestic or international companies.

16. As may be seen in the results of the UNCTAD business linkage promotion programme in nine developing countries, business linkages can offer substantial and mutually beneficial win-win opportunities to domestic firms and foreign affiliates. They can allow domestic small and medium-sized enterprises, including small rural enterprises, to integrate and participate in international production systems, they offer an effective way for domestic small and medium-sized enterprises to upgrade through technology transfer, knowledge and skills acquisition and improve their business and management practices and they facilitate access to finance and markets.

17. Common challenges faced by local suppliers, such as a limited capacity to provide inputs or services that meet the standards of transnational corporations or developing the right entrepreneurial mindset to do business with large foreign companies, require coherent national strategies. UNCTAD recently launched two projects in the United Republic of Tanzania and Zambia aimed at promoting small and medium-sized enterprise integration in the sustainable tourism and green construction value chains, respectively. Box 2 highlights ongoing developments in the United Republic of Tanzania in the agro-industry sector with regard to intervention strategies for strengthening production capacity. Box 3 illustrates the positive role of small and medium-sized enterprise development in Zambia through business linkages in sectors with a large impact on job generation, such as construction.

Box 2. United Republic of Tanzania: Promoting sustainable business linkages in responsible tourism

In May 2014, the International Labour Organization, International Trade Centre, United Nations Industrial Development Organization, UNCTAD and the United Nations Office for Project Services began implementation in the United Republic of Tanzania of a joint project of the Switzerland State Secretariat for Economic Affairs and the United Nations Inter-Agency Cluster on Trade and Productive Capacity. UNCTAD is responsible for upgrading micro, small and medium-sized enterprises operating in the business sectors – organic food and the sustainable tourism industry – targeted by the initiative. In the first phase of the joint project, a group of 90 farmers was selected in the Tanga region with the potential to meet the highest market segment requirements of the hospitality sector in Dar es Salaam, Arusha and Zanzibar.

UNCTAD, the United Republic of Tanzania Investment Centre – the national counterpart of UNCTAD's business linkage promotion programme – Tanga Fresh Limited and the Tanga Dairy Cooperative Union have signed cooperation agreements. Tanga Fresh Limited, the main dairy processor in the United Republic of Tanzania, has recently improved the cold chain of milk from the Tanga region to the Dar es Salaam market and built a new factory with a capacity of at least 50,000 litres per day and a new ultra-high temperature processing plant, bringing total capacity to 120,000 litres per day. The Tanga Dairy Cooperative Union consists of 11 cooperatives with over 4,000 farmers involved in cattle breeding and the production of processed products in high demand by the tourism industry, such as yoghurt, butter, cream and cheese.

In order to stimulate the upgrade process necessary to meet the higher requirements of Tanga Fresh Limited for both its ultra-high temperature processing production line and its processed dairy products, a set of training tools, based on the Empretec methodology for developing entrepreneurial skills, have been adapted to the rural context and translated into Swahili (see box 4 for more details on Empretec). A package of follow-up activities, based on UNCTAD's tools for farming as a business and business linkage promotion, has also been tailored to local needs in order to provide adequate technical and advisory services. The joint project is still in the earliest stages. However, the first pilot, conducted with 56 farmers, has resulted in promising behavioural changes, as noted by the project leader of Tanga Fresh Limited. Customized plans for selected beneficiaries, consisting of advisory services on how to farm as a business and technical training provided by the anchor companies, or large buyers, will complete the linkage upgrades package of activities.

Source: Current results of the Market Value Chains Relating to Horticultural Products for Responsible Tourism Market Access project.

Box 3. Zambia: Enhancing competitiveness and sustainability in the residential building construction sector

The Green Jobs Programme in Zambia is an initiative of the Food and Agriculture Organization of the United Nations, International Labour Organization, International Trade Centre, UNCTAD and United Nations Environment Programme. UNCTAD's role is to help build the capacity of the Zambia Development Agency and the National Council for Construction in order to facilitate business linkages between micro, small and medium-sized enterprises and large corporations in the building industry, promoting public–private partnerships with transnational corporations for green building technology and skills transfer, and to work with the United Nations Environment Programme to create an effective enabling policy and regulatory framework.

According to surveys conducted on micro, small and medium-sized enterprises in the building construction sector in Zambia, most lack management skills and access to market information and technology, making it difficult for these entities to meet safety or quality requirements, change their product or service mix or scale up quickly in order to meet the demands of transnational corporations. A national campaign aims to retrofit public buildings and existing housing stock, with the subcontractors of micro, small and medium-sized enterprises given priority. Support for vocational apprenticeships has also been made a priority. Facilitating the formalization process of informal businesses and the development of electronic databases of registered local contractors and land and property registries will enhance transparency.

Business linkage promotion has led to partnership agreements for the green construction of affordable housing between micro, small and medium-sized enterprises along the construction value chain and a number of large international companies operating in the construction, mining and energy sectors. For example, the Green Jobs Programme and Lafarge are planning to sign an agreement for the construction of five differentiated green construction demonstration units in Lusaka and Kitwe in order to stimulate the market for green affordable housing. Lafarge has earmarked an initial investment of 600 units – 300 in Lusaka and 300 in Kitwe – to meet the expected demand arising from the sales and marketing response to the demonstration units.

Source: Current results of the Green Jobs Programme project.

III. Entrepreneurship and productive capacity-building in priority areas for inclusive growth

18. To ensure the effective adoption and implementation of entrepreneurship policies that are conducive to productive capacity-building and linked with the long-term objective of reducing poverty, there is a need for targeted interventions to accelerate productivity growth and make it inclusive and sustainable, providing necessary safeguards to protect vulnerable groups and encouraging social inclusion.

19. Inclusive growth contributes to the creation of economic opportunities for all, including through entrepreneurship, and is closely linked with the reduction of inequality and the raising of living standards, as well as fostering social inclusion through poverty alleviation. Inclusive businesses integrate low-income individuals into value chains in various capacities, either as consumers, producers, employees or entrepreneurs, and provide them with access to opportunities to generate income for basic goods and services. In this regard, different approaches have been undertaken to supporting entrepreneurship and productive capacity-building with a view to promoting inclusive growth and businesses.

UNCTAD monitors these initiatives and has developed a database of good practices of initiatives at national, regional and international levels.[4]

20. For example, Ethiopia's five-year Growth and Transformation Plan 2010 is aimed at achieving inclusive growth and eradicating poverty by focusing, inter alia, on the following: creating favourable conditions in industrial sectors that will enable small and medium-sized enterprises to drive growth, job creation and innovation; empowering women with supportive gender-equality policies that focus on entrepreneurship development; and supporting youth empowerment.[5] Ethiopia's Entrepreneurship Development Programme 2012–2015, which builds on the Growth and Transformation Plan, aims to enhance the potential of micro, small and medium-sized enterprises by providing training in entrepreneurial skills and comprehensive business-advisory services to such enterprises. The project is expected to create employment for women and young people, stimulate the creation of 200,000 micro, small and medium-sized enterprises and lay the foundation for industrial development in the country.

21. Malaysia's Economic Transformation Programme provides a framework for catalysing inclusive economic growth and reducing poverty and other inequalities, with the aim of elevating its status to a developed country by 2020.[6] Launched in 2010, the Economic Transformation Programme aims to promote inclusive growth by raising income-earning opportunities through entrepreneurship, promote productive capacities by investing in human capital and provide social protection for the poor and vulnerable.

22. Four key areas of inclusive growth are green, youth, women's and social entrepreneurship, as detailed in this chapter.

A. Green entrepreneurship

23. At the United Nations Conference on Sustainable Development, held in June 2012, the green economy was identified as having the potential to contribute to poverty eradication and sustained economic growth, enhance social inclusion and improve human welfare and create opportunities for employment while maintaining the healthy functioning of the Earth's ecosystems.[7] The green sector has promising potential in terms of job creation and increasing productivity, particularly in developing countries. According to the International Labour Organization, the green economy has the potential to create 15 million to 60 million additional jobs globally, with a 1.5 per cent improvement in productivity by 2020 and a 5 per cent improvement by 2050, while reducing poverty for approximately 400 million smallholding farmers in developing countries through increased incomes.[8]

24. UNCTAD's Empretec programme supports such development. BioPro, founded in Argentina in 2013, is an example of a green business coached by Empretec. The enterprise conducts research and develops, produces and markets organic products that are designed for crop protection and pest control. Biopesticides have a limited impact on the environment and surrounding ecosystems and on human health, as they do not generate permanent waste. Because of their effectiveness in controlling the moths that attack vine trees, BioPro's products have gained popularity among vine-growers or wineries that

[4] UNCTAD, 2013, Area 6: Promoting awareness and networking, available at http://unctad.org/en/Pages/DIAE/Entrepreneurship/EPF-6.aspx (accessed 13 January 2015).

[5] African Development Bank and Ethiopia, 2013, *Partnering for Inclusive Growth* (Tunis).

[6] Performance Management and Delivery Unit, 2013, Overview of Economic Transformation Programme, available at http://etp.pemandu.gov.my/About_ETP-@-Overview_of_ETP.aspx (accessed 13 January 2015).

[7] A/RES/66/288.

[8] International Labour Organization, 2012, *Working Towards Sustainable Development: Opportunities for Decent Work and Social Inclusion in a Green Economy* (Geneva).

produce organic wines, giving a boost to the start-up. The founder of BioPro acquired business skills at an Empretec training workshop. As an example of how soft entrepreneurial skills may be promoted through entrepreneurship training programmes, box 4 illustrates the characteristics of the Empretec programme.

Box 4. UNCTAD-Empretec Entrepreneurship Training Workshops

Empretec is a capacity-building programme of UNCTAD. Empretec distinguishes itself from other training programmes by offering a behavioural approach to entrepreneurship. Research has demonstrated that there are ten key personal entrepreneurial competencies, represented by thirty behaviours, associated with successful entrepreneurs.

The Empretec personal entrepreneurial competencies are as follows:

1. Goal setting
2. Information-seeking
3. Systematic planning and monitoring
4. Opportunity seeking and initiative
5. Persistence
6. Fulfilling commitments
7. Demand for efficiency and quality
8. Taking calculated risks
9. Persuasion and networking
10. Independence and self-confidence

The Empretec programme reinforces and strengthens these competencies through the Entrepreneurship Training Workshops, which involve diagnostics including an entrepreneurship profile, self-assessment of key competencies, individual transformation and business stimulation activities. The workshop encourages individuals to focus on their roles as entrepreneurs and challenges them to critically examine their personal entrepreneurial strengths and weaknesses. The training method is highly interactive and experiential. In addition, training workshops and business forums are organized by Empretec at national, regional and international levels.

Empretec centres offer entrepreneurs the following:

- A one-stop shop, providing a range of training and business-development services.
- A life bond: Empretecos associations – the trainees' peer network – bring together successful and committed entrepreneurs.
- Networking and mentoring: Trainers share their training methodology and evaluation tools in train-the-trainers sessions and offer mentoring.
- Local certified trainers: Training is delivered locally in Arabic, English, French, Portuguese, Russian, Romanian, Spanish and Swahili.

Since its inception, Empretec programmes have trained 340,000 entrepreneurs in 36 developing countries and economies in transition. Empretec is recognized for its high impact on entrepreneurship development and the efficiency and growth of participating small and medium-sized enterprises. Independent assessments have shown the positive impact of Empretec training on participants' decisions to start a business and on enhancing their business performance and the survival rates of their companies.[9]

[9] For instance, an independent survey conducted in 2013 on 3,000 Brazilian Empretec training participants showed the following:

- Of the participants, 54 per cent recorded an income increase and three quarters attributed the increase to applying the lessons learned from Empretec;

The UNCTAD-Empretec Women in Business Awards, held every two years, celebrate women entrepreneurs who have benefited from the Entrepreneurship Training Workshop and have gone on to grow successful businesses and become role models in their communities.

Source: Empretec, 2014, available at http://www.empretec.net (accessed 13 January 2015).

25. Certain barriers constrain the capacity of the green sector. In many countries, lack of regulatory and facilitation frameworks to support green entrepreneurship remains a key obstacle to the development of the sector. Also, policies to promote green economy markets are lacking in many countries, in particular, standards that specify minimum environmental performance for a product or service. Conversely, the proliferation of international standards can impose high costs on businesses, in particular on small and medium-sized enterprises, making it difficult for them to access lucrative international markets in developed countries. Box 5 provides examples of good practices and initiatives promoting enterprise in the green sector.

Box 5. Good practices and initiatives promoting green entrepreneurship

In its efforts to rebuild Haiti's electricity infrastructure, REpower offers long-term fixed-price contracts to renewable energy start-ups and small and medium-sized enterprises, thereby creating jobs and supporting businesses that will help stabilize Haiti's economy.[10]

South Africa's 2010 New Growth Path, which identifies job creation in the green sector as a driver of economic growth, and the 2011 Green Economy Accord, which supports the improvement of waste management through recycling, are designed to stimulate employment opportunities in waste management in the formal and informal sectors.[11]

As part of the Greener Business Asia initiative of the International Labour Organization, Thailand implemented a sustainable green business model in 2011, which provided advisory services and training to workers in small and medium-sized hotels on improved resource efficiency, environmental impacts, workplace practices and competitiveness, resulting in significant resource efficiency improvements and better waste management practices in the businesses.[12]

In Uganda, Solar Sister employs women in rural areas to sell solar-powered light-emitting diode lamps for use in homes (see http://www.solarsister.org/). The women are able to raise their living standards while addressing environmental concerns, including pollution and inefficiency, and safety issues associated with the use of kerosene lamps.

Zambia's Green Jobs Programme offers a value-chain approach to improving the sustainable livelihoods of rural and urban families through private sector development and sustainable housing.[13]

- Of those who did not have a business at the time they attended the workshop, 85 per cent created a business within 12 months and the training had a strong influence on their decision regarding which type of business to start.

[10] Changemakers, 2010, REpower Haiti, available at http://www.changemakers.com/SME-Finance/entries/repower-haiti (accessed 13 January 2015).

[11] South Africa, 2010, *The New Growth Path*, available at http://www.gov.za/sites/www.gov.za/files/NGP%20Framework%20for%20public%20release%20FINAL_1.pdf (accessed 13 January 2015).

[12] International Labour Organization, 2014, Greener business Asia, available at http://www.ilo.org/asia/whatwedo/projects/WCMS_152342/lang--en/index.htm (accessed 13 January 2015).

[13] International Labour Office Lusaka, 2013, *Green Jobs Programme*, available at http://www.ilo.org/empent/Whatsnew/WCMS_213390/lang--en/index.htm (accessed 13 January 2015).

In Central America, a regional network of technical vocational education and training institutions from Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, along with the Dominican Republic, has developed and integrated learning standards and curricula for eight occupations in the green sector, with the goal of strengthening the skills of young people with low education levels and workers in the informal sector.[14]

B. Youth entrepreneurship

26. The promotion of youth entrepreneurship has been recognized as part of the solution to the global youth unemployment crisis. Youth entrepreneurship also has the potential to contribute to social development as it offers young people an opportunity to increase their household income through self-employment, thereby raising their living standards, reducing poverty and building sustainable livelihoods. An example is Bamboo: An Innovation Ecosystem, a black-owned and operated branding business based in Johannesburg, South Africa, that was cofounded by a young entrepreneur who attended the Empretec workshop and three other young people. The goal of the business is to fundamentally alter the perception of black-owned small and medium-sized enterprises in low-income communities in South Africa while promoting their growth by providing them with brand-centred innovation. Since its launch in 2012, the business has helped to raise the visibility of black-owned small enterprises and contribute to their business growth. It has also created stable employment for nine people, most of whom are creative young people from impoverished communities who might not otherwise have secured employment.

27. At the global level, international and intergovernmental organizations have been at the forefront of promoting efforts that aim to create economic opportunities for young people, in particular, those related to youth entrepreneurship. UNCTAD, in collaboration with the Commonwealth, has developed *Promoting Youth Entrepreneurship: Policy Guidance* (forthcoming) which aims to support policymakers in designing entrepreneurship policies and programmes for youth.

28. A comprehensive national framework on youth entrepreneurship could help resolve many of the challenges faced by aspiring young entrepreneurs in many countries. Such a framework could ensure that youth entrepreneurship is integrated in national policies and that youth entrepreneurship strategies are aligned with national policy objectives. Moreover, it could address barriers in the regulatory environment that have a significant impact on young people, in particular those that deter aspiring young entrepreneurs in developing countries from registering their businesses, thereby contributing to informality and hindering the capacity of youth-led businesses to grow. A comprehensive national framework should address the development of effective entrepreneurship education, vocational training and apprenticeship systems and issues related to access to finance, such as collateral requirements, banking fees, the provision of capacity-building grants and technical assistance and financial literacy.

29. As noted in *Promoting Youth Entrepreneurship: Policy Guidance*, policymakers can take a leadership role in supporting technology and innovation by providing incentives that will encourage youth entrepreneurship and innovation. Investments need to be made in technological infrastructure to create the foundation for a thriving digital economy and to provide an impetus for the spread of innovation, as well as to ensure that young people have access to, knowledge of and competencies and skills to exploit technology and create commercial products and services. In addition, young people need to be made partners and

[14] International Labour Organization, 2014, South-South and triangular cooperation, available at http://www.ilo.org/pardev/south-south/WCMS_228305/lang--en/index.htm (accessed 13 January 2015).

collaborators in youth entrepreneurship. In order to take on this role, concerted effort on the part of Government, non-governmental organizations and the private sector is required to develop platforms to engage young people as well as to promote the development of youth entrepreneurship networks and associations that advocate on behalf of young entrepreneurs. Box 6 highlights examples of good practices and initiatives promoting youth entrepreneurship.

Box 6. Good practices and initiatives promoting youth entrepreneurship

South Africa has developed a Youth Enterprise Development Strategy designed to promote youth entrepreneurship and accelerate the growth of youth-led enterprises and black economic empowerment.

In Botswana, Kgalagadi Breweries Limited provides young entrepreneurs between 18 and 30 years of age with business skills training, mentoring and the start-up capital required to start or expand an existing business.

In India, Kerala Financial Corporation and Bharatiya Yuva Shakti Trust provide collateral-free loans to young entrepreneurs.

Commonwealth–Asia Alliance of Young Entrepreneurs is a youth entrepreneurship network that serves as a platform to engage young entrepreneurs and as an advocate for the needs of young entrepreneurs in Asia.

In the United States of America, YouthTrade links youth-led enterprises with other businesses that buy YouthTrade-certified products, thereby supporting young entrepreneurs in accessing markets.

Child and Youth Finance International leads the world's largest movement dedicated to enhancing the financial capabilities of children and youth. Launched in April 2012, the movement has reached more than 18 million children in over 100 countries. It recently launched an online platform to facilitate youth networking and capacity-building.

Youth Business International is a network that plays an important role in linking young entrepreneurs with other entrepreneurs and facilitating international trade.

The Group of 20 Young Entrepreneurs' Alliance Summit is held annually in advance of the Group of 20 Summit to champion the importance of young entrepreneurs, canvass their ideas and allow them to share their experiences and practices.

Source: UNCTAD, 2013, Online inventory of best practices in entrepreneurship, available at http://unctad.org/en/Pages/DIAE/Entrepreneurship/Inventory.aspx (accessed 13 January 2015).

C. Women's entrepreneurship

30. Women's entrepreneurship has the potential to yield significant economic benefits, with higher participation by women entrepreneurs adding as much as 1 to 2 percentage points to annual gross domestic products in many countries according to some estimates (see http://wbl.worldbank.org). A study undertaken in Ethiopia by the World Bank showed that enhancing women's access to key productive factors such as regular employment and/or jobs in the informal sector in order to ensure income, access to entrepreneurial inputs and land, could benefit Ethiopia by as much as 1.9 per cent gross domestic product growth

per year.[15] Supporting women entrepreneurs can be a viable approach to realizing women's economic potential and contributing to their economic empowerment.

31. Globally, women lag behind in earnings and productivity when compared with men, in part due to unequal access to economic opportunities. Women entrepreneurs, for example, are more likely to operate smaller firms in less-profitable sectors and are therefore less productive and earn less than men.[16] In addition, in urban areas in some countries in Eastern Europe, Central Asia, Latin America and sub-Saharan Africa, the value-added per worker is lower in businesses headed by women when compared with businesses headed by men. As well, in rural Bangladesh, Ethiopia, Indonesia and Sri Lanka, profitability is lower in businesses headed by women. These differences are attributed to gender differences in time use and access to credit and assets and to treatment by markets and formal institutions, which constrain women's economic opportunities.[17]

32. Women entrepreneurs continue to face significant barriers. Large and significant gender disparities in access to inputs, including land and credit, and in asset ownership are at the root of the gender-productivity gap, with the lack of access to inputs further compounded by the lack of availability of market time, which can make the same investment less productive for women than men, resulting in women entrepreneurs being engaged in activities that are less profitable and less likely to expand.[18] This has detrimental effects on women entrepreneurs as they not only have an uneven playing field, but also have unequal access to inputs, with significant costs to women's welfare and economic empowerment.[19]

33. Another barrier that women entrepreneurs face is a lack of access to financing. Lack of collateral, which is further exacerbated in countries where women lack access to property rights, is a barrier for women seeking financing from financial institutions. Policies that focus on access to capital need to ensure that sources of financing align access to innovative sources of funding for start-ups with the needs of women entrepreneurs.[20]

34. Legal barriers continue to prevent many women from engaging in business. In some countries, laws permit men to formally object if their spouses wish to engage in a business or profession. Lack of transparency, corruption and complex regulations in some countries, compounded by institutional discrimination against women, make the business environment particularly difficult for women entrepreneurs to operate in. In addition, relatively lower levels of education and skills among women in developing countries are barriers that constrain women's entrepreneurship and the growth potential of women-led small and medium-sized enterprises, limiting women's economic empowerment and, ultimately, the achievement of gender equality. Policies need to reflect a multi-faceted approach to the growth of businesses by women.

35. Micro-financing institutions that lend to women empower them to become micro-entrepreneurs. Also, engaging women in value chains as distributors or employees can contribute to their economic empowerment. There is growing recognition that with appropriate incentives and support systems targeted to women entrepreneurs, the levels of women's entrepreneurship are likely to grow. Box 7 provides examples of successful initiatives targeting women's entrepreneurship potential.

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[15] World Bank, 2009, *Unleashing the Potential of Ethiopian Women: Trends and Options for Economic Empowerment* (Washington, D.C.).

[16] World Bank, 2012, *World Development Report 2012: Gender Equality and Development* (Washington, D.C.).

[17] Ibid.

[18] Ibid.

[19] Ibid.

[20] Global Entrepreneurship Monitor, 2011, *2010 Report: Women Entrepreneurs Worldwide* (Babson Park).

Box 7. Initiatives promoting women's entrepreneurship

Rwanda's Government has organized women's basket-weaving cooperatives, which are creating employment for women with traditional skills, and has built training centres to enhance their skills.

Since the enactment of the Cooperatives Act in South Africa in 2005, amended in 2012, and the extension of financial and non-financial support by the Department of Trade and Industry to registered cooperatives, the number of women-owned cooperatives has increased.

The Women's Entrepreneurship Development programme of the International Labour Organization supports women in starting, formalizing and growing their enterprises and by mainstreaming gender equality issues into the work of the Organization.

The Global Platform for Action on Sourcing from Women Vendors of the International Trade Centre aims to increase the share of corporate, institutional and government procurement secured by women vendors by linking them to international networks.

Promoting inclusive economic growth, an initiative of the United Nations Development Programme in Ghana, trains women entrepreneurs in entrepreneurship, production and managerial skills (see http://www.gh.undp.org), while its women in business and investment initiative in Kenya offers microfinance (see http://www.ke.undp.org).

UNCTAD recognizes women entrepreneurs from the Empretec network every two years through its Women in Business Awards and helps empower women entrepreneurs through training in the use of information and communications technologies and by mainstreaming gender in trade and investment policies.

The new mandate of the United Nations Industrial Development Organization to promote inclusive and sustainable industrial development supports the development of women's entrepreneurship in the food processing, fish processing and handicraft sectors.

Source: UNCTAD, 2013, Online inventory of best practices in entrepreneurship, available at http://unctad.org/en/Pages/DIAE/Entrepreneurship/Inventory.aspx (accessed 13 January 2015).

D. Social entrepreneurship

36. Social entrepreneurship has the potential to address otherwise intractable social problems and reduce inequality and poverty in an economically sustainable way. For example, the Renas Women Cooperative Association, the first olive and pickles manufacturing business in Jordan owned and managed by women, is tackling unemployment among women by creating employment opportunities for previously unemployed skilled agricultural engineers and low-skilled women. Established in 2008, the business has created employment for 10 permanent and 20 seasonal workers, securing their livelihoods and raising their living standards, and was the winner of a special recognition at the UNCTAD Empretec Women in Business Awards. The business has a strong focus on sustainability: waste from the manufacturing plant is recycled or used as fertilizer and the olive seeds are used to make artwork. The Renas Women Cooperative Association has established three greenhouses, which provide opportunities for young people to obtain skills in permaculture.

37. Social entrepreneurship is increasingly being viewed as a way of alleviating poverty using innovation while engendering inclusive growth. Existing models of social entrepreneurship have focused either on directly engaging disadvantaged groups with a view to strengthening their productive capacities or on investing in sectors producing

products and services that are accessible to these groups. Collectively, these models are aimed at catalysing social transformation while addressing otherwise intractable societal challenges.

38. Some Governments have taken steps to facilitate social entrepreneurship and have put in place policy measures to respond to this trend, including creating a specific legal entity status, for instance in the United States. Social enterprises are typically financed using a combination of market resources, non-market resources (e.g. government subsidies and private donations) and non-monetary resources (e.g. volunteer work). Examples of initiatives supporting social entrepreneurship are provided in box 8.

Box 8. Initiatives promoting social entrepreneurship

India

Selco Solar has enhanced the quality of life in disadvantaged households by providing employment and improving livelihoods through sustainable solutions and services (see http://www.selco-india.com/about_us.html).

The Honeybee Network has helped to promote innovation and improve productive capacities among the poor (see http://www.sristi.org/hbnew/index.php#).

Jugaad Innovation, which is centred on frugal and flexible innovation, has allowed for the development of low-cost business solutions that are sustainable and meet the needs of disadvantaged groups, while creating employment (see http://jugaadinnovation.com/).

South Africa

The Reconstructed Living Lab Innovation Incubator develops social business ideas that aim to have an impact and empower local communities through innovation (see http://www.rlabs.org/).

The Philippines

The Asian Social Enterprise Incubator provides comprehensive services and state-of-the-art technology for social enterprises at the base of the pyramid (see http://unreasonableatsea.com/portfolio/asian-social-enterprise-incubator/).

United Kingdom of Great Britain and Northern Ireland

UnLtd, one of the leading providers of support to social entrepreneurs, carries out campaigns in the United Kingdom and other countries to promote social entrepreneurship in the higher education sector. Partner universities receive funding for social venture creation plus tailored support. In 2009–2011, a £1 million campaign directly funded and supported the creation of 200 new social ventures by staff and students in 70 universities across England. The international network includes more than 45 partners worldwide (see https://unltd.org.uk/seechange/).

IV. Conclusion

39. Entrepreneurship development through productive capacity-building in micro, small and medium-sized enterprises can contribute to sustainable development and inclusive growth, creating jobs, expanding economic opportunities, reducing poverty and raising living standards for disadvantaged groups, including women and young people.

40. Based on good practices and implementation plans developed by UNCTAD in collaboration with national stakeholders in selected countries, an effective national entrepreneurship policy is inconceivable without the active participation of and partnership by the private sector and civil society. However, even in situations where there has been active consultation with the private sector, the loudest voices are rarely those of the entrepreneurs themselves, who stand to gain the most from the proposed policy

interventions. In many countries, the low level of organization of micro, small and medium-sized enterprises and the high prevalence of an informal sector means that their views are often not taken into consideration by policymakers.

41. Similarly, even the most innovative and successful women and young entrepreneurs may have little experience in the policy process compared with more established large-scale industry groups. In this regard, UNCTAD has provided capacity-building to stakeholders, including special target groups, women, youth and small and medium-sized enterprises, to enhance their inclusion in the policymaking process. Through its Empretec network, UNCTAD is ideally placed to increase the capacity of informal businesses and micro, small and medium-sized enterprises to participate effectively in policy processes, ensuring that their voices are heard and strengthening existing entrepreneur networks and business associations.

42. Finally, capacity-building programmes have provided concrete results in enhancing productive capacities and generating sustainable linkages and inclusive growth in key areas, including green, youth, women's and social entrepreneurship. Fostering entrepreneurship and ensuring the growth of micro, small and medium-sized enterprises through improved skills, innovation and technological upgrading are critical for building productive capacities and accelerating structural transformation. However, this requires a clear coherence of policies in all productive sectors and the strengthening of linkages between the agriculture, industrial and services sectors.

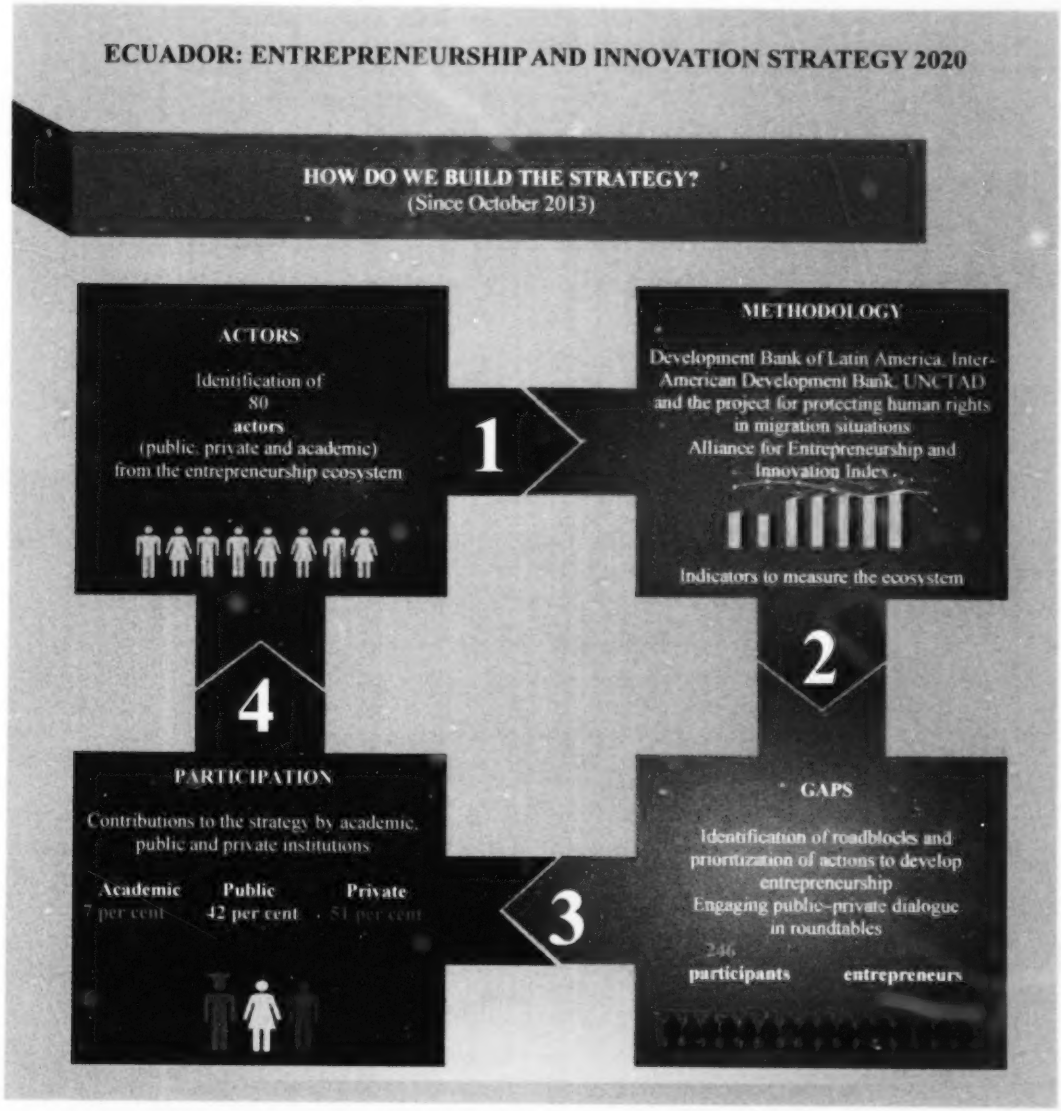
V. Issues for discussion

43. In addition to discussion of country examples of key steps or measures that have been taken or are being taken to promote green, youth, women's and social entrepreneurship, suggested questions for discussion include the following:

- How should coherence between entrepreneurship policies and productive capacity-building strategies and their implementation be ensured?
- How do entrepreneurship policy frameworks, small and medium-sized enterprise development policies and wider economic development strategies interact, and how can they be synergized to maximize productive capacity-building, economic development and sustainable inclusive growth?
- What are good practices and the key challenges in monitoring implementation progress and assessing the success of entrepreneurship policies?
- What concrete policy initiatives have proven effective in breaking new ground and creating a more conducive environment for entrepreneurship? What are the key lessons learned in this respect?
- How can the upgrading of entrepreneurship skills contribute to a country's development objective and what skill-development initiatives have proven the most effective?

Annex

Ecuador: Example of a participatory approach in the development of a national entrepreneurship policy framework



WHAT ARE THE STRATEGY'S GOALS?
Vision: Ecuador, an entrepreneurship and innovative country by 2020
Making Ecuador a country that promotes the emergence and development of entrepreneurs and innovative companies with export potential to contribute to the transformation of productive capacity and strengthen economic competitiveness, innovative talent, creation of added value and generation of sustainable employment.
WHAT ARE THE STRATEGY'S PILLARS?
INTEGRAL
Support to ecosystem's areas
INNOVATION AND EXPORT
Export promotion to any innovative initiative
NATIONAL COVERAGE
Engaging all stakeholders in the ecosystem nationwide
CONTINUOUS LEARNING
Constant improvement
HOW TO IMPLEMENT THE STRATEGY'S VISION?
By strengthening the following areas:
CULTURE
Foster entrepreneurial and innovative mindsets in citizens, thereby stimulating an entrepreneurial
HUMAN TALENT
POLICIES AND REGULATORY MARKET
Contribute to the creation of an agile, efficient, equitable and accessible regulatory
ADVICE AND SUPPORT
Provide infrastructure and adequate logistics to entrepreneurs for innovative project development
INNOVATION
Boost competitiveness of
MARKET

Source: Alliance for Entrepreneurship and Innovation, 2013, available at http://aei.ec/xp/wp-content/uploads/2014/10/aei-4.pdf (accessed 13 January 2015).

Example of action plan: Ecuador – action plan to simplify operating procedures according to key priorities identified by the working groups, 2014

Area	*Action*	*Implementing agency*
Sanitary registry	Automatic registration if a company has a good manufacturing practices certification provided by the Ministry of Production.	Chamber of Industries of Pichincha, National Agency of Regulation, Control and Sanitary Surveillance (ARCSA), National Association of Producers of Food and Beverages (ANFAB) and private firms
	Good manufacturing practices registration, with the national certification Well Done, Done Better seal.	Ministry of Public Health and municipalities
	Post-control food and health registrations to speed up the process, with technical support from universities and other organizations.	ANFAB, ARCSA, Conquito Development Agency, Corporacion GPF (private firm), Ministry of Industry and Productivity, National Assembly and San Francisco University (USFQ)
	Laboratories established in universities and other institutions to speed up controls.	Universities
	Creation of new laboratories.	Universities
	Continuous website improvement and automation of procedures carried out by the regulating agency.	Universities, enterprises and ARCSA
Labelling	Work together to create pre-established and standardized processes and/or formulas to avoid validation and control procedures.	Institute of Popular and Solidarity Economy (IEPS) and Nutrivital (private firm)
	Eliminate signature of a chemical engineer in the procedures if an applicant has a certification of a recognized laboratory.	IEPS and Nutrivital
	Create and promote information, awareness and educational campaigns for consumers.	Alliance for Entrepreneurship and Innovation (AEI)
	Keep the guidelines of Ecuadorian Technical Regulation No. 022 (National Standards Agency No. 022:2008) for a specific period of time.	AEI, ANFAB, Bym (private firm), Ecuadorian Colombian Chamber of Commerce, Grupo KFC (private firm), Sedei (private firm) and USFQ
	Propose voluntary placement of caloric intake per product portion.	AEI
Operating permits	Regulate criteria and facilitate procedures according to company size.	Ministry of Public Health and municipalities
	Standardize permit release procedures.	Ministry of Public Health and municipalities